

DEPARTMENT OF THE ARMY CORPS OF ENGINEERS

COMPLETE STATEMENT

OF

**LIEUTENANT GENERAL CARL STROCK
CHIEF OF ENGINEERS
U. S. ARMY CORPS OF ENGINEERS**

BEFORE

**THE SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT
COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES**

ON

THE ARMY CIVIL WORKS PROGRAM

FISCAL YEAR 2006

MARCH 3, 2005

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MR. CHAIRMAN AND DISTINGUISHED MEMBERS OF THE SUBCOMMITTEE:

INTRODUCTION

I am honored to be testifying before your subcommittee today, along with the Principal Deputy Assistant Secretary of the Army (Civil Works), the Honorable John Paul Woodley, Jr., on the President's Fiscal Year 2006 (FY06) Budget for the United States Army Corps of Engineers' Civil Works Program.

My statement covers the following 5 topics:

- Summary of FY06 Program Budget,
- Civil Works Construction Backlog,
- Civil Works Program Transformation,
- Value of the Civil Works Program to the Nation's Economy, and
- Value of the Civil Works Program to the Nation's Defense

SUMMARY OF FY06 PROGRAM BUDGET

Introduction

The Fiscal Year 2006 Civil Works Budget is a performance-based budget that reflects the realities of a national budget supporting the war on terror while cutting the deficit in half. The Corps used performance criteria in developing this budget, which resulted in a focus on the projects and activities that provide the highest net economic and environmental returns on the Nation's investment. The Civil Works Program, including the Direct and Reimbursed programs, is expected to approach \$6.037 billion.

Direct Program funding, including discretionary and mandatory funding appropriated directly to the Corps, totals \$5.037 billion. Discretionary funding plus the direct funding of hydropower operation and maintenance expenses totals \$4.513 billion; additional mandatory funding totals \$524 million.

Reimbursed Program funding is projected to be \$1 billion^[s1] .

Direct Program

The budget reflects the Administration's commitment to continued sound development and management of the nation's water and related land resources. It incorporates performance based metrics for continued efficient operation of the nation's navigation, flood protection, and other water resource management infrastructure, fair regulation of the nation's wetlands, and restoration of the nation's important environmental resources, such as the Florida Everglades, the Upper Mississippi River, and Coastal Louisiana. It also improves the quality of recreation services through stronger partnerships and modernization.

The budget emphasizes funding for 47 projects that will provide the highest net economic and environmental returns on the Nation's investment, and 14 dam safety, seepage correction, and static instability correction projects. Nine of these 61 projects are identified as national priorities. The 61 projects include a new construction start to reduce the risk of flood damages in Washington D.C. to the museums on the National Mall, the Franklin Delano Roosevelt Memorial, and the World War II Memorial. Also there are three new studies under the General Investigations (GI) program and, one under the Mississippi River and Tributaries (MR&T) program.

Reimbursed Program

Through the Interagency and Intergovernmental Support Program we help non-DOD federal agencies, state, and other countries with timely, cost-effective implementation of their programs, while maintaining and enhancing capabilities for execution of our Civil and Military Program missions. These customers rely on our extensive capabilities, experience, and successful track record. The work is principally technical oversight and

management of engineering, environmental, and construction contracts performed by private sector firms, and is fully funded by the customers.

Currently, we provide reimbursable support for about 60 other federal agencies and several state and local governments. Total reimbursement for such work in FY05 is projected to be \$1 billion. The^[s2] largest share -- nearly \$388 million -- is expected from the Federal Emergency Management Agency (FEMA) for hurricane disaster relief.

CIVIL WORKS CONSTRUCTION BACKLOG

The budget addresses the construction backlog primarily by proposing that the Administration and the Congress use objective performance measures – the ratio of remaining benefits to remaining costs or, for aquatic ecosystem restoration projects, the extent to which the project cost-effectively addresses a significant regional or national ecological problem – to establish priorities among projects including potential new starts, and through a change in Corps contract authorities that would increase control over future costs. While up to 10 percent of the available funds could be allocated to any project under construction regardless of performance, a greater proportion of the resources would be allocated to the projects that the Corps estimates will yield the highest returns. Over time, this approach would significantly improve the benefits to the Nation from the Civil Works construction program.

This Budget also reduces the large backlog of construction work by providing \$1,637 million for construction. This amount includes \$66.7 million to complete 13 projects by the end of 2006. This investment will enable each of these projects to begin delivering benefits^{[s3][s4]}. ^[smt5]

In addition to the 47 projects that provide the highest net economic and environmental returns on the Nation's investment, and 14 dam safety, seepage correction, and static instability correction projects, the budget funds 44 ongoing construction projects. In all, 105 projects are funded^[w6].



We believe that narrowing the focus on funding and completing a smaller, more beneficial set of projects will bring higher net benefits to the Nation sooner. We need to be careful^{[s3][s4]} we do not continually start new projects and subsequently stretch out the completion of existing ones. That is why the Budget proposes only one new, high priority construction start and accelerates completion of the highest-return projects in each program area.



Maintenance Program

Water and related land resource management facilities of the Civil Works Program are aging. As stewards of this infrastructure, we are working to ensure that it continues to provide an appropriate level of service to the nation. Sustaining such service poses a technical challenge in some cases, and proper operation and maintenance, also is becoming more expensive as this infrastructure ages.

The operation and maintenance program supports the operation, maintenance and security of existing river and harbor, flood and storm damage reduction and, aquatic ecosystem restoration, owned and operated by, or on behalf of, the Corps of Engineers, including administrative buildings and laboratories. Funds are also included for surveys and charting of northern and northwestern lakes and connecting waters, clearing and straightening channels, and removal of obstructions to navigation. Work to be accomplished includes dredging, repair, and operation of structures and other facilities, as authorized in the various River and Harbor, Flood Control, and Water Resources Development Acts. Related activities include aquatic plant control, monitoring of completed coastal projects and, removal of sunken vessels.

In both the Operation and Maintenance and the Mississippi River and Tributaries accounts, the FY06 budget includes a total of \$2.142 billion for operation and maintenance. To improve the efficiency of the investment in operation and maintenance, we will need to give priority to the key features of our infrastructure and determine an appropriate level of service for others, considering the benefits to the Nation and the funding needed to support that level of service. [smt7] Furthermore, we are searching for ways to reduce costs and thereby accomplish more with available resources.

CIVIL WORKS PROGRAM TRANSFORMATION



Throughout its long and distinguished history, the Civil Works Program has continually changed in response to advances in science, methods, and processes, changing public values and priorities, and laws. For our program to remain a viable contributor to national welfare, we must remain sensitive to such factors, and continue to reorient, rescope, and refocus the program in light of them. To that end, I'm committed to reforming the Civil Works Program to meet the nation's current water and related land resource management needs.

We have implemented USACE 2012, which involves building a team of teams within the organization. Our businesses processes are now being led by a business center within each of the eight Corps regions, in order to more efficiently serve the public and the armed forces. We are making our processes more open, and more collaborative. We are working to revitalize our planning capabilities, and to become more efficient, more centralized, with one planning center for each of our eight divisions.

We continue to strengthen and streamline our planning processes, and to invite the involvement of other federal, state and local agencies, sponsors, and interested organizations to participate early in the planning process to ensure concerns are addressed up front rather than at the end of a plan.

The Corps Regulatory Program is working to ensure that wetlands mitigation is effective and that our decisions on permit applications is successful in retaining the quantity, quality and functions of those critical resources.

We also look to continue the use of external independent review on major Corps project studies where appropriate, to help ensure those studies are technically sound and properly address national economic and environmental concerns.

Let me tell you about some of the major steps we've taken last year:

- We are continuing to spread the spirit and the word of the Corps' Environmental Operating Principles - a clear commitment to accomplishing our work in environmentally sustainable ways - with the express purpose of instilling the principles as individual values in all members of the Corps team.
- The Corps of Engineers and the Office of the Assistant Secretary of the Army for Civil Works have allocated additional resources to strengthen our internal review capabilities, and are considering other measures to further improve such capability. With our restructuring under USACE 2012, we have just created an Office of Water Project Review here in Headquarters which effectively doubled the size of our policy compliance review staff. The goal is to have our economists, plan formulation specialists, and environmental reviewers focus on early involvement in study development to assure compliance with established policy as projects are being developed. I am committed to working with field commanders in providing training, lessons learned and other tools to strengthen the policy compliance quality control/quality assurance process.
- We have have a Civil Works Strategic Plan that emphasizes the sustainable development, management and protection of our Nation's water and related land resources. This Stragic Plan is a work in progress, and will be updated as performance measures and objectives are developed and refined.
- We have established five national planning centers of expertise staffed with some of our top engineers and scientists --- a step that is essential for successfully addressing the issues that increasingly arise in planning a water resources project, especially those that are costly, complex, or controversial, or which otherwise require very specialized planning work.
- I believe that we have made progress on the President's Management Agenda this year, particularly in the area of Budget and Performance Integration. Specifically, we used objective criteria to establish priorities for allocating funds among projects in order to increase the overall net economic and environmental return to the Nation from our construction and general investigations programs..

We're committed to change that leads to open and transparent modernization of the Civil Works Program for the 21st Century. To this end, we're committed to continuing

the dialogue with you and the Corps Reform Network Steering Committee. Additionally, I have issued communication principles to ensure open, effective, and timely two-way communication with the entire community of water resources interests. We know well that we must continue to listen and communicate effectively in order to remain an effective organization.

VALUE OF THE CIVIL WORKS PROGRAM TO THE NATION'S ECONOMY AND DEFENSE

We are privileged to be part of an organization that directly supports the President's priorities of winning the war on terror, securing the homeland and contributing to the economy.

The National Welfare

Water resources management infrastructure has improved the quality of our citizens' lives and supported the economic growth and development of this country. Our systems for navigation, flood and storm damage reduction projects, and efforts to restore aquatic ecosystems contribute to our national welfare.

Domestically, more than 1,500 USACE volunteers from around the nation responded to the call to help their fellow citizens when four hurricanes struck Florida and the rest of the Southeast last fall. Similarly, during this winter's heavy rains across parts of the Nation, Corps dams, levees and reservoirs operated as designed to reduce flood damages and protect lives, homes and businesses.

Research and Development

Civil Works Program research and development provides the nation with innovative engineering products, some of which can have applications in both civil and military infrastructure spheres. By creating products that improve the efficiency and competitiveness of the nation's engineering and construction industry and providing more cost-effective ways to operate and maintain infrastructure, Civil Works Program research and development contributes to the national economy.

The National Defense

The Civil Works Program is a valuable asset in support of Homeland Security in that it provides a way to maintain a trained engineering workforce, with world-class expertise, capable of responding to a variety of situations across the spectrum of our homeland

defenses. This force is familiar with the Army culture and responsive to the chain of command. Skills developed in managing large water and land resource management projects transfer to most tactical engineering-related operations. As a byproduct, Army Engineer officers assigned to the Civil Works Program receive valuable training in managing large projects.

The Corps of Engineers continues to contribute to the ongoing war on terror, as our civil works experience proves invaluable in restoring and rebuilding the infrastructure of Iraq and Afghanistan. More than 600 civilians have volunteered to serve along with soldiers to provide engineering expertise and quality construction management in these nations.

In Iraq, the Gulf Region Division has overseen the initiation of more than 1,600 reconstruction projects valued at over \$4 billion. More than 500 projects are complete. These projects provide employment and hope for the Iraqi people. They are visible signs of progress.

In Afghanistan, the Corps is spearheading a comprehensive infrastructure program for the Afghan national army, and is also aiding in important public infrastructure projects.

Homeland Security

In addition to playing an important role in supporting the war on global terror, we are providing security for physical infrastructure owned or operated by the Corps throughout the Nation, based on risk assessments at each of our critical facilities. The Corps is also a member of the Federal Response Plan team with proven experience in support of disaster response.

The Civil Works Program has completed over 300 security reviews and assessments of our inventory of locks, dams, hydropower projects and other facilities. We have improved our security engineering capability and prioritized infrastructure and are currently implementing recommended features at the highest priority security improvement projects.

For FY06, \$72 million is targeted for recurring security costs and security enhancements at key Corps facilities. Facility security systems can include cameras, lighting, fencing, structure hardening, and access control devices designed to improve detection and delay at each facility.

CONCLUSION

Under both our Civil Works and Military Programs, we are committed to staying at the leading edge in service to the Nation. In support of that, we are working with others to transform our Civil Works Program. We're committed to change that leads to open, transparent modernization, and a performance based Civil Works Program.

Thank you, Mr. Chairman and Members of the Committee. This concludes my statement.